

GREENVILLE HOUSING COMMISSION
GREENVILLE, MICHIGAN

FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004
AND
REPORTS ON INTERNAL CONTROL AND
COMPLIANCE

AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Government Name <i>Greenville Housing Commission</i>		County
Audit Date <i>6/30/04</i>	Opinion Date <i>10/15/04</i>	Date Accountant Report Submitted to State: <i>11/2/04</i>		

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the Uniform Reporting Format for Financial Statements for Counties and Local Units of Government promulgated by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ yes ☒ no 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ yes ☒ no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ yes ☒ no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ yes ☒ no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ yes ☒ no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ yes ☒ no 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ yes ☒ no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ yes ☒ no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ yes ☒ no 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	<i>J</i>		
Reports on individual federal financial assistance programs (program audits).			<i>J</i>
Single Audit Reports (ASLGU).	<i>J</i>		

Certified Public Accountant (Firm Name) <i>Barry E. Gaudet, CPA, P.C.</i>			
Street Address <i>1107 E. 9th Street</i>	City <i>Traverse City</i>	State <i>MI</i>	ZIP <i>49606</i>
Accountant Signature <i>Barry E. Gaudet, CPA</i>			

GREENVILLE HOUSING COMMISSION
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INTRODUCTION

Barry E. Gaudette, CPA, P.C.

CERTIFIED PUBLIC ACCOUNTANT

1107 East Eighth Street
Traverse City, Michigan 49686
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Fax (231) 946-1377

Independent Auditor's Report

Board of Commissioners
Greenville Housing Commission
Greenville, Michigan

We have audited the accompanying statement of net assets of the Greenville Housing Commission, Michigan (a component unit of the City of Greenville) as of June 30, 2004, and the related statements of revenues, expenses, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Housing Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Greenville Housing Commission, Michigan, as of June 30, 2004, and the changes in its net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2004 on our consideration of the Housing Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Greenville Housing Commission
Independent Auditor's Report
Page Two

Management's Discussion and Analysis is not a required part of the financial statements, but is supplementary information the Government Accounting Standards Board requires. We applied limited procedures, consisting principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion thereon.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Financial Data Schedule is presented for the purpose of additional analysis and is not a required part of the basic financial statements of the Housing Commission. The accompanying Schedule of Expenditures of Federal Awards, is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Sam E. Standley, CPA, PC

October 15, 2004

GREENVILLE HOUSING COMMISSION
GREENVILLE, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD & A)
June 30, 2004
=====

The Greenville Housing Commission, created in 1967, by the City of Greenville provides housing to meet the community's needs for affordable low-income housing. As management of the Housing Commission, we offer readers this narrative overview and analysis of the financial activities of the Housing Commission for the fiscal year ended June 30, 2004. We encourage readers to consider the information presented here in conjunction with the Housing Commission's financial statements.

Financial Highlights

The financial statements for Greenville Housing Commission consists of four programs. The first is owned housing, consisting of 89 units of public housing, the second is the capital funding program, the third is the housing choice voucher program consisting of 108 qualifying low-income residents for rental housing, and the Housing Commission also operates a New Construction Section 8 Program of 61 units of subsidized housing in the City of Greenville.

The assets of the Housing Commission exceeded its liabilities at the close of the most recent fiscal year by \$2,386,804. The Housing Commission's total net assets increased by \$7,458.

Total assets of the Housing Commission were \$3,430,254 and also, there was \$606,280 of current assets and \$303,450 in current liabilities.

Overview of the Financial Statements

The financial statements included in this annual report are those of a special-purpose government engaged only in a business-type activity. The following statements are included:

- * Statement of Net Assets - reports on the Housing Commission's current financial resources with capital and other assets and other liabilities.
- * Statement of Revenues, Expenses, and Changes in Fund Net Assets - reports the Housing Commission's operating and non-operating revenues, by major source along with operating and non-operating expenses and capital contributions.
- * Statement of Cash Flows - reports the Housing Commission's cash flows from operating, investing, capital, and non-capital activities.

GREENVILLE HOUSING COMMISSION
GREENVILLE, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD & A) - CONTINUED
June 30, 2004
=====

Financial Analysis of the Housing Commission

The following combined condensed balance sheets show a summary of changes for the years ended June 30, 2004 and 2003.

	<u>2004</u>	<u>2003</u>	<u>Net Change</u>
Current assets	\$ 606,280	\$ 946,871	\$ (340,591)
Restricted investments	189,300	189,300	
Property and equipment	<u>2,634,674</u>	<u>2,463,348</u>	<u>171,326</u>
Total assets	<u>\$3,430,254</u>	<u>\$3,599,519</u>	<u>\$ (169,265)</u>
Current liabilities	\$ 303,450	\$ 353,145	\$ (49,695)
Noncurrent liabilities	<u>740,000</u>	<u>867 028</u>	<u>(127,028)</u>
Total liabilities	<u>1,043,450</u>	<u>1,220,173</u>	<u>(176,723)</u>
Net assets:			
Invested in capital assets	2,634,674	1,585,878	1,048,796
Unrestricted	<u>(247,870)</u>	<u>793,468</u>	<u>(1,041,338)</u>
Total net assets	<u>2,386,804</u>	<u>2,379,346</u>	<u>7,458</u>
Total liabilities and net assets	<u>\$3,430,254</u>	<u>\$3,599,519</u>	<u>\$ (169,265)</u>

GREENVILLE HOUSING COMMISSION
GREENVILLE, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD & A) - CONTINUED
June 30, 2004

=====

Financial Analysis of the Housing Commission (continued)

The following table of summarizes the Statement of Revenues, Expenses and Changes in Net Assets of the Housing Commission for the years ended June 30, 2004 and 2003.

	<u>2004</u>	<u>2003</u>	<u>Net Change</u>
Operating revenues:			
Dwelling rent	\$ 323,810	\$ 357,123	\$(33,313)
Nondwelling rent	<u>3,522</u>	<u>2,806</u>	<u>716</u>
Total operating revenues	<u>327,332</u>	<u>359,929</u>	<u>(32,597)</u>
Operating expenses:			
Administration	231,953	220,448	11,505
Tenant services	2,145	2,872	(727)
Utilities	109,430	100,655	8,775
Ordinary maintenance and operation	246,019	269,966	(23,947)
General expenses	84,712	56,291	28,421
Interest expense	72,766	80,600	(7,834)
Housing assistance payments	409,112	376,367	32,745
Depreciation	<u>236,080</u>	<u>224,543</u>	<u>11,537</u>
Total operating expenses	<u>1,392,217</u>	<u>1,331,742</u>	<u>60,475</u>
Non-operating revenue:			
Interest income	9,227	30,337	(21,110)
Operating grants	876,901	779,968	96,933
Capital grants	174,986	87,417	87,569
Other income	<u>9,572</u>	<u>10,092</u>	<u>(520)</u>
Total nonoperating revenue	<u>1,070,686</u>	<u>907,814</u>	<u>162,872</u>
Prior period adjustments	<u>1,657</u>	<u>(174,439)</u>	<u>176,096</u>
Change in Net Assets	<u>\$ 7,458</u>	<u>\$(238,438)</u>	<u>\$ 245,896</u>

FINANCIAL STATEMENTS

GREENVILLE HOUSING COMMISSION
COMBINED STATEMENT OF NET ASSETS
June 30, 2004
=====

ASSETS

Current Assets:

Cash	\$ 53,038
Accounts receivable-HUD	16,256
Accounts receivable-tenants	9,425
Allowance for doubtful accounts	(213)
Investments-unrestricted	429,376
Prepaid expenses	26,937
Due from other programs	<u>71,461</u>

Total Current Assets	<u>606,280</u>
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Restricted investments	<u>189,300</u>
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Property, Plant, and Equipment:

Land	86,786
Buildings	5,449,381
Equipment	307,882
Building improvements	<u>243,358</u>

Less: accumulated depreciation	<u>6,087,407</u> (3,452,733)
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Net Property, Plant, and Equipment	<u>2,634,674</u>
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Total Assets	<u>\$ 3,430,254</u>
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See notes to financial statements

GREENVILLE HOUSING COMMISSION
COMBINED STATEMENT OF NET ASSETS (CONTINUED)
June 30, 2004
=====

LIABILITIES and NET ASSETS

Current Liabilities:

Bank overdraft	\$ 12,356
Accounts payable	46,436
Tenant security deposit liability	33,695
Accrued expenses	4,735
Deferred revenues	14,058
Current portion of long-term debt	120,000
Accrued liabilities-other	709
Due to other programs	<u>71,461</u>

Total Current Liabilities 303,450

Noncurrent Liabilities:

Long-term debt, net of current	<u>740,000</u>
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Total Liabilities 1,043,450

Net Assets:

Invested in capital assets	2,634,674
Unrestricted net assets	<u>(247,870)</u>

Total Net Assets 2,386,804

Total Liabilities and Net Assets \$ 3,430,254

See notes to financial statements

GREENVILLE HOUSING COMMISSION
**COMBINED STATEMENT OF REVENUE, EXPENSES AND
 CHANGES IN NET ASSETS**
 Year Ended June 30, 2004

=====

OPERATING REVENUES:

Dwelling rent	\$ 323,810
Non-dwelling rent	<u>3,522</u>
Total operating revenues	<u>327,332</u>

OPERATING EXPENSES:

Administration	231,953
Tenant services	2,145
Utilities	109,430
Ordinary maintenance and operation	246,019
General expenses	84,712
Interest expense	72,766
Housing assistance payments	409,112
Depreciation	<u>236,080</u>
Total operating expenses	<u>1,392,217</u>

Operating income(loss)	<u>(1,064,885)</u>
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NONOPERATING REVENUES AND (EXPENSES):

Investment interest income	9,227
Other income	9,572
Capital grants	174,986
Operating grants	<u>876,901</u>

Total nonoperating revenues(expenses)	<u>1,070,686</u>
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Net income(loss)	5,801
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Prior period adjustments, equity transfers and correction of errors	1,657
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Net assets, beginning	<u>2,379,346</u>
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Net assets, ending	<u>\$ 2,386,804</u>
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See notes to financial statements

GREENVILLE HOUSING COMMISSION
COMBINED STATEMENT OF CASH FLOWS
 Year Ended June 30, 2004
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Cash flows from operating activities:

Operating(loss)	\$(1,064,885)
Adjustments to reconcile operating (loss) to net cash(used in) operating activities:	
Depreciation	236,080
Adjustments	20,702
Changes in assets and liabilities:	
(increase) decrease in assets:	
Accounts receivable-tenants	9,645
Accounts receivable-HUD	52,938
Due from other funds	2,607
Prepaid expenses	2,252
Increase (decrease) in liabilities:	
Bank overdraft	12,356
Accounts payable-operations	(41,790)
Accrued compensated absences	(5,001)
Accounts payable-PILOT	(5,131)
Tenant security deposits	4,422
Deferred revenues	4,509
Due to other funds	(2,607)
Net cash (used in) operating activities	<u>(773,903)</u>

**Cash flows from noncapital
financing activities:**

Operating grants	822,165
Other revenue	<u>9,572</u>
Net cash provided by noncapital financing activities	<u>831,737</u>

**Cash flows from capital and related financing
activities:**

Payments on long-term debt	(105,000)
Capital grants	174,986
Payments for capital acquisitions	<u>(340,966)</u>
Net cash (used in) and related financing activities	<u>(270,980)</u>

GREENVILLE HOUSING COMMISSION
COMBINED STATEMENT OF CASH FLOWS (CONTINUED)
Year Ended June 30, 2004
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Cash flows from investing activities:

Certificates of deposits matured	175,409
Receipts of interest and dividends	<u>9,227</u>

Net cash provided by investing activities	<u>184,636</u>
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Net increase(decrease) in cash	(28,510)
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Cash, beginning	<u>81,548</u>
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Cash, ending	<u>\$ 53,038</u>
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Reconciliation of cash and cash equivalents per statement of cash flows to the balance sheet:

Cash	\$ 53,038
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Restricted cash	<u> </u>
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Cash and cash equivalents per balance sheet	<u>\$ 53,038</u>
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See notes to financial statements

GREENVILLE HOUSING COMMISSION
NOTES TO FINANCIAL STATEMENTS
June 30, 2004

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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Reporting Entity

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the Greenville Housing Commission. The Greenville Housing Commission is a component unit of the City of Greenville, a Michigan home rule city. The Housing Commission is a Public Housing Agency created by the City of Greenville on April 8, 1968, consisting of a five member board appointed by the City Manager and charged with the responsibility to provide and service housing to meet the community's needs for affordable low-income housing. These financial statements include all of the resources and activities of the Greenville Housing Commission over which the Housing Commission exercises operational control or which have financial significance to the Housing Commission.

Grants and Other Intergovernmental Revenues

The Housing Commission has entered into contracts with the U.S. Department of Housing and Urban Development (HUD). Under Contract C-3011, the Housing Commission constructed, maintains and operates 89 units of subsidized housing in the City of Greenville, Michigan. Under Contract C-3011, the Housing Commission manages a Housing Choice Voucher program of subsidies for 108 qualifying low-income residents for rental housing. The Housing Commission receives an annual operating subsidy determined under a performance formula for units owned by the Housing Commission and an administrative fee based on the number of households it assists under its Housing Choice Voucher program. The Housing Commission also, since April 21, 1978, operates a New Construction Section 8 Program of 61 units of subsidized housing in the City of Greenville.

Fund Accounting

The accounts of the Housing Commission are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self balancing accounts that comprise its assets, liabilities, equity, revenues, and expenses. The Housing Commission's fund structure includes only proprietary funds. Under generally accepted accounting principles, proprietary funds are grouped into two broad categories - enterprise and internal service funds. Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs of providing goods and services to the general public on a

GREENVILLE HOUSING COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2004
=====

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Accounting (Continued)

continuing basis be financed or recovered through user charges; or (b) where laws or regulations require that the activity's costs of providing services including capital costs (such as depreciation or debt service) be recovered with fees and charges rather than with taxes and similar revenues. All of the Housing Commission's funds are operated as enterprise type proprietary funds whereby costs of services are to be recovered through user charges or subsidies from other governmental units.

Basis of Accounting

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements, regardless of the measurement focus. The Housing Commission's financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting.

Under the economic resources measurement focus, all assets and all liabilities (whether current or noncurrent) are included in the balance sheets of the individual funds. Their reported net assets are segregated into invested capital assets and unrestricted net asset components. Operating statements present increases (revenues) and decreases (expenses) in net assets.

Under the accrual basis of accounting, all revenues are recorded when earned, regardless of when received, and all expenses are recorded when a liability is created, regardless of when paid.

In accordance with Governmental Accounting Standards Board Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the City of Greenville has elected to apply only those Financial Accounting Standards Board Statements issued prior to November 30, 1989 to its proprietary funds and to the proprietary funds of its component units.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Housing Commission considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

GREENVILLE HOUSING COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2004
=====

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Insurance

The premiums on all major insurance policies are charged to prepaid insurance and amortized over the life of the policy.

Budgets and Budgetary Accounting

The Housing Commission is required under each of its HUD contracts to adopt an annual operating budget which must be approved by HUD. Budgetary data and comparison of actual and planned performance is reported directly to HUD based on specific program reporting requirements.

Receivables

All receivables are reported at their net value, reflecting where appropriate, by the estimated portion that is expected to be uncollectible. The Housing Commission estimates the uncollectible portion of tenant rents as a percentage of gross tenant rents using prior collection experience.

Short-term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds. Receivables and payables arising from these transactions are classified as "due from other funds" and "due to other funds" on the statement of net assets.

Fixed Asset Capitalization

Fixed assets with a cost to acquire or construct of \$300 or more are capitalized and depreciated over their estimated useful lives. Depreciation is provided on a straight-line basis using the following estimate of useful lives:

Buildings	40 years
Equipment and furnishings	5 - 10 years
Building improvements	10 years

GREENVILLE HOUSING COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2004
=====

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets

The Housing Commission classifies its net assets as follows:

- a. Invested in capital assets represents pre-2001 contributions from grants, HUD notes, and other aids for capital acquisitions and improvements.
- b. Unrestricted net assets indicate that portion of net assets which is available for use in future periods.

Operating Revenues and Expenses

The Housing Commission includes in operating revenues resources that are derived or received from exchange transactions. Resources derived principally from non-exchange transactions are excluded from operating income. Operating expenses include the cost of providing services, excluding depreciation. Depreciation, amounts expended for capital additions and amounts expended for retirement-of-debt are excluded from operating expenses. Depreciation expense is charged to invested capital assets rather than unrestricted net assets.

Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires the use of management estimates. The Housing Commission uses estimates of useful lives of its fixed assets and other estimates in preparing its financial statements. Actual results may differ from the Housing Commission's estimates.

Vacation and Sick Leave

The Housing Commission allows permanent employees to accumulate the following compensated absences:

- * Vacation leave: Personnel leaving the employment of the Housing Commission are entitled to reimbursement for accumulated vacation, prorated for the length of employment.

Vacation must be used within the same calendar year accrued. Payment will not be made for vacation time not used.

GREENVILLE HOUSING COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2004
=====

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Vacation and Sick Leave (Continued)

- * Sick pay: Sick leave accrues to 48 days. Anything over 48 days is forfeited. Upon retirement or termination of employment, employee is paid for 50% of accrued sick leave if employee has been employed for one year or more. Sick leave time taken will be deducted from the amount accrued.
- * Personal days: Full-time employees will be granted two personal days each year. Not to be accrued beyond the year in which they are given.

The amount of accumulated benefits at June 30, 2004, was \$4,735, and is recorded as a liability in the applicable funds.

Post Employment Benefits

The provision for pension cost is recorded on an accrual basis, and the Commission's policy is to fund pension costs as they accrue.

Income Taxes

As a component unit of a Michigan home rule city, the Housing Commission is exempt from federal and state income taxes. The Housing Commission has no unrelated business income.

NOTE 2: CASH AND INVESTMENTS

The Housing Commission maintains cash and investment accounts in the Low Rent Program and Housing Choice Voucher funds. Landlord checks are processed through the Housing Choice Voucher account. All other receipts and disbursements are processed through the Low Rent Program accounts.

HUD authorizes the Housing Commission to invest in certificates of deposit, money-market funds, United States government securities, and repurchase agreements fully collateralized by United States government securities.

The Housing Commission's investments are categorized below to give an indication of the level of risk assumed by the entity at year end.

GREENVILLE HOUSING COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2004
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NOTE 2: CASH AND INVESTMENTS (Continued)

Category 1: Includes deposits that are insured, registered, or for which the collateral securities are held by the Housing Commission or its agent in the Housing Commission's name. This includes FDIC or equivalent insurance coverage.

Category 2: Includes deposits for which the collateral securities are held by the dealer's trust department or agent in the Housing Commission's name.

Category 3: Includes all uninsured and uncollateralized deposits.

For all deposits shown below, the market value at the balance sheet date is substantially the same as the carrying value. The difference between the bank balance and carrying value is due to outstanding checks and/or deposits in transit. At various times during the year, the Housing Commission's deposits may have been higher than the June 30, 2004, balances detailed below. This means that the Housing Commission's risk and exposure could have been higher at these times. The Housing Commission had no significant type of deposits during the year not included below.

<u>Depository Balances by Category</u>					<u>Carrying Value</u>
<u>Depository</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>Total</u>	
Huntington					
National Bank	\$ 15,380	\$	\$	\$ 15,380	\$ 14,208
First of Michigan	4,378			4,378	4,378
Greenville					
Community Bank	75,000			75,000	75,000
Fifth Third Bank	45,326			45,326	44,230
Standard Federal					
Corporate Trust		521,802		521,802	521,802
Oppenheimer	11,874			11,874	11,874
Total Deposits	<u>\$151,958</u>	<u>\$521,802</u>	<u>\$</u>	<u>\$673,760</u>	671,492
Petty cash					222
					<u>\$671,714</u>

GREENVILLE HOUSING COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2004
=====

NOTE 2: CASH AND INVESTMENTS (Continued)

Reconciliation to Cash on Balance Sheet

Cash	\$ 53,038
Unrestricted investments	429,376
Restricted investments	<u>189,300</u>
Total	<u>\$671,714</u>

NOTE 3: RECEIVABLES AND PAYABLES

Tenant Accounts Receivable

Tenant accounts receivable are recorded at gross amount and reduced by the estimated amount uncollectible. At June 30, 2004, the receivables were \$9,425 with \$213 estimated as uncollectible. Bad debt expense was \$8,920.

Accounts Receivables - HUD

Amounts due from HUD represents funding due the Housing Commission for actual expenses for the programs financed. Balances at June 30, 2004 were as follows:

Housing Choice Voucher Program	<u>\$ 16,256</u>
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Inter-fund Receivables, Payables, and Transfers

Interfund receivables and payables are recorded as "due from other programs" and "due to other programs".

The amounts of interfund receivables and payables are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Fund</u>	<u>Interfund Payable</u>
Low Rent Program	\$71,461	Housing Choice Voucher Program	\$ 6,134
		New Construction	
		Section 8 Program	<u>65,327</u>
	<u>\$71,461</u>		<u>\$71,461</u>

The capital fund program transferred \$63,687 to the Low Rent Program during the fiscal year ended June 30, 2004.

GREENVILLE HOUSING COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2004
=====

NOTE 3: RECEIVABLES AND PAYABLES (Continued)

Long-Term Debt

Details of the Housing Commission's outstanding indebtedness, are set forth below;

At June 30, 2004, long-term debt consists of:

On April 1, 1979 the Greenville Housing Development Corporation, a charitable, non-profit corporation organized and existing under the laws of the State of Michigan acting as the instrumentality of the Greenville Housing Commission, a public housing commission of the State of Michigan. The First Lien Revenue Bond, Series 1978 loan was for \$2,085,000, issued for the purpose of causing to be constructed thereon acquiring certain real estate in Greenville, Michigan, and 61 housing units and equipment for cooking, heating and refrigeration, for persons of low income, including families and elderly, handicapped and disabled persons, to be leased to the City of Greenville, Michigan, acting by and through the Greenville Housing Commission. The Bonds, mature on October 1, from 1980 to 1999, inclusive, and on October 1, 2009, in the aggregate principal amount of Two Million Eighty-five Thousand Dollars (\$2,085,000). The interest rate is eight percent (8%).

Principal payments over the next five years are as follows:

2005	\$ 120,000
2006	125,000
2007	135,000
2008	145,000
2009	160,000
Thereafter	<u>175,000</u>
	<u>\$ 860,000</u>

Debt activity during the fiscal year ended June 30, 2004 is as follows:

Balance at June 30, 2003	\$ 965,000
Principal payments	<u>(105,000)</u>
Balance at June 30, 2004	<u>\$ 860,000</u>

GREENVILLE HOUSING COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2004
=====

NOTE 4: CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2004 was as follows:

	<u>Balance</u> <u>06/30/03</u>	<u>Additions/Retirements/</u> <u>Transfers</u>	<u>Transfers</u>	<u>Balance</u> <u>06/30/04</u>
Capital Fund Program				
Building improvements	\$ <u>87,417</u>	\$ <u>155,941</u>	\$ _____	\$ <u>243,358</u>
Low Rent Program				
Land	\$ 68,012	\$ _____	\$ _____	\$ 68,012
Buildings	3,023,525			3,023,525
Furniture, equip. & machinery - dwellings	54,671			54,671
Furniture, equip. & machinery - administration	<u>164,359</u>	_____	_____	<u>164,359</u>
	3,310,567	\$ _____	\$ _____	3,310,567
Less accumulated depreciation	<u>(1,699,569)</u>	<u>\$ (167,081)</u>		<u>(1,866,650)</u>
Total	<u>\$1,610,998</u>			<u>\$1,443,917</u>
Housing Choice Voucher Program				
Furniture, equip. and machinery-administration	\$ _____ 656	\$ _____	\$ _____	\$ _____ 656
	656	\$ _____	\$ _____	656
Less accumulated depreciation	<u>(656)</u>			<u>(656)</u>
Total	<u>\$ _____</u>			<u>\$ _____</u>

GREENVILLE HOUSING COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2004
=====

NOTE 4: CAPITAL ASSETS (Continued)

	<u>Balance</u> <u>06/30/03</u>	<u>Additions/Retirements/</u> <u>Transfers</u>	<u>Transfers</u>	<u>Balance</u> <u>06/30/04</u>
New Construction Section 8 Program				
Land	\$ 18,774	\$	\$	\$ 18,774
Buildings	2,267,834	158,022		2,425,856
Furniture, equip. & machinery - dwellings	74,283		14,283	60,000
Furniture, equip. & machinery - administration	<u>5,955</u>	<u>22,241</u>		<u>28,196</u>
	2,366,846	<u>\$ 180,263</u>	<u>\$ 14,283</u>	2,532,826
Less accumulated depreciation	<u>(1,516,427)</u>	<u>\$ (69,000)</u>		<u>(1,585,427)</u>
Total	<u>\$ 850,419</u>			<u>\$ 947,399</u>

NOTE 5: CONTRIBUTED CAPITAL

The following is a summary of the activity in the Contributed Capital accounts:

	<u>Invested in</u> <u>Capital Assets</u>
Balance, beginning	\$ 1,585,878
Capital Fund Program reclassification	243,358
Low Rent Program reclassification	(141,961)
New Construction Section 8 Program reclassification	<u>947,399</u>
Balance, ending	<u>\$ 2,634,674</u>

GREENVILLE HOUSING COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2004
=====

NOTE 6: POST EMPLOYMENT BENEFITS

The Greenville Housing Commission contributes 4% of employee earnings to a tax sheltered annuity Program administered by the State Farm Insurance Company in the employee's name. The Housing Commission contributed \$8,514.31 and employee's \$8,640.25 to the plan during the fiscal year. The pension plan is a defined contribution plan.

NOTE 7: CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS

The Housing Commission operates in a heavily regulated environment. The operations of the Housing Commission are subject to the administrative directives, rules and regulations of federal, state and local regulatory agencies, including, but not limited to, HUD. Such administrative directives, rules and regulations are subject to change by an act of Congress or an administrative change mandated by HUD. Such changes may occur with little notice to inadequate funding to pay for the related cost, including the additional administrative burden to comply with a change.

NOTE 8: RISK MANAGEMENT AND LITIGATION

The Housing Commission is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees, and natural disasters for which it obtains coverage from commercial companies. The Housing Commission has had no settled claims resulting from these risks that exceed their commercial coverage in the current year or the three prior fiscal years.

GREENVILLE HOUSING COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2004
=====

NOTE 9: SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The Housing Commission maintains four Enterprise Funds which provide housing assistance and grant programs. Segment information for the year ended June 30, 2004, was as follows:

	<u>Low Rent Program</u>	<u>Capital Fund Program</u>	<u>Housing Choice Vouchers</u>	<u>New Construction</u>
Operating revenue	\$ 206,077	\$	\$	\$ 121,255
Depreciation	167,080			69,000
Operating (loss)	(366,068)		(460,170)	(238,647)
Operating grants	117,261	63,687	463,548	232,405
Capital grants		174,986		
Net income (loss)	(178,938)	174,986	3,605	6,148
Operating transfers	63,687	(63,687)		
Plant, property, and equipment:				
Additions		155,941		180,263
Deletions				(14,283)
Working capital	65,779		17,180	409,171
Total assets	1,587,065	243,358	23,314	1,576,517
Total net assets	1,509,696	243,358	17,180	616,570

**NOTE 10: PRIOR PERIOD ADJUSTMENTS, EQUITY TRANSFERS AND
CORRECTION OF ERRORS**

Low Rent Program

Correction of prior year compensated absences	\$ 19,048
To void old outstanding checks	<u>2,653</u>
	<u>\$ 21,701</u>

Public Housing Capital Fund Program

To correct prior year soft cost	<u>\$ (19,045)</u>
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New Construction Section 8 Program

Correction of prior year accruals	<u>\$ (999)</u>
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SUPPLEMENTARY INFORMATION

GREENVILLE HOUSING COMMISSION
COMBINING STATEMENT OF NET ASSETS
 June 30, 2004

=====

C-3011	Capital
Low Rent	Fund
Program	Program
<u>14.850</u>	<u>14.872</u>

ASSETS

Current assets:

Cash	\$	4,500	\$
Accounts receivable-HUD			
Accounts receivable-tenant		7,733	
Allowance for doubtful accounts	(213)	
Investments-unrestricted		45,000	
Prepaid expenses		14,667	
Due from other programs		<u>71,461</u>	

Total current assets

143,148

Restricted investments

Property, plant, and equipment:

Land		68,012	
Buildings		3,023,525	
Equipment		219,030	
Building improvements		<u> </u>	<u>243,358</u>

3,310,567

243,358

Less accumulated depreciation

(1,866,650)

Net property, plant and
equipment

1,443,917

243,358

Total Assets

\$1,587,065

\$ 243,358

Housing Choice Vouchers <u>14.871</u>	Section 8 New Construction Program <u>14.182</u>	<u>Totals</u>
\$ 4,208	\$ 44,330	\$ 53,038
16,256		16,256
	1,692	9,425
		(213)
	384,376	429,376
2,850	9,420	26,937
		<u>71,461</u>
<u>23,314</u>	<u>439,818</u>	<u>606,280</u>
	<u>189,300</u>	<u>189,300</u>
	18,774	86,786
	2,425,856	5,449,381
656	88,196	307,882
		<u>243,358</u>
656	2,532,826	6,087,407
(656)	(1,585,427)	(3,452,733)
	<u>947,399</u>	<u>2,634,674</u>
<u>\$ 23,314</u>	<u>\$1,576,517</u>	<u>\$ 3,430,254</u>

GREENVILLE HOUSING COMMISSION
COMBINING STATEMENT OF NET ASSETS (CONTINUED)
June 30, 2004
=====

	C-3011 Low Rent Program <u>14.850</u>	Capital Fund Program <u>14.872</u>
LIABILITIES and NET ASSETS		
Current liabilities:		
Bank overdraft	\$ 12,356	\$
Accounts payable	30,226	
Tenant security deposit liability	22,207	
Accrued expenses	4,735	
Deferred revenues	7,285	
Current portion of long-term debt		
Accrued liabilities-other	560	
Due to other programs		
	<u>77,369</u>	
Total current liabilities		
Noncurrent liabilities:		
Long-term debt, net of current		
Total noncurrent liabilities		
Total liabilities	<u>77,369</u>	
Net Assets:		
Invested in capital assets	1,443,917	243,358
Unrestricted net assets	<u>65,779</u>	
Total net assets	<u>1,509,696</u>	<u>243,358</u>
Total Liabilities and Net Assets	<u>\$1,587,065</u>	<u>\$ 243,358</u>

Housing Choice Vouchers <u>14.871</u>	Section 8 New Construction Program <u>14.182</u>	<u>Totals</u>
\$	\$	\$
	16,210	12,356
	11,488	46,436
		33,695
		4,735
	6,773	14,058
	120,000	120,000
	149	709
<u>6,134</u>	<u>65,327</u>	<u>71,461</u>
<u>6,134</u>	<u>219,947</u>	<u>303,450</u>
<u> </u>	<u>740,000</u>	<u>740,000</u>
<u> </u>	<u>740,000</u>	<u>740,000</u>
<u>6,134</u>	<u>959,947</u>	<u>1,043,450</u>
<u>17,180</u>	947,399	2,634,674
	(330,829)	(247,870)
<u>17,180</u>	<u>616,570</u>	<u>2,386,804</u>
<u>\$ 23,314</u>	<u>\$1,576,517</u>	<u>\$ 3,430,254</u>

GREENVILLE HOUSING COMMISSION
COMBINING STATEMENT OF REVENUE, EXPENSES AND
CHANGES IN NET ASSETS

Year Ended June 30, 2004

=====

	C-3011 Low Rent Program <u>14.850</u>	Capital Fund Program <u>14.872</u>
OPERATING REVENUES:		
Dwelling rent	\$ 204,557	\$
Nondwelling rent	<u>1,520</u>	<u> </u>
Total operating revenues	<u>206,077</u>	<u> </u>
OPERATING EXPENSES:		
Administration	114,159	
Tenant services	1,445	
Utilities	64,376	
Ordinary maintenance and operation	171,090	
General expenses	53,995	
Interest expense		
Housing assistance payments		
Depreciation	<u>167,080</u>	<u> </u>
Total operating expenses	<u>572,145</u>	<u> </u>
Operating income(loss)	<u>(366,068)</u>	<u> </u>
NONOPERATING REVENUES AND (EXPENSES):		
Operating transfers in (out)	63,687	(63,687)
Investment interest income	1,076	
Other income	5,106	
Capital grants		174,986
Operating grants	<u>117,261</u>	<u>63,687</u>
Total nonoperating revenues (expenses)	<u>187,130</u>	<u>174,986</u>
Net income(loss)	<u>(178,938)</u>	<u>174,986</u>
Prior period adjustments, equity transfers and correction of errors	21,701	(19,045)
Net assets, beginning	<u>1,666,933</u>	<u>87,417</u>
Net assets, ending	<u>\$1,509,696</u>	<u>\$243,358</u>

Housing Choice Vouchers <u>14.871</u>	Section 8 New Construction Program <u>14.182</u>	<u>Totals</u>
\$	\$ 119,253	\$ 323,810
	<u>2,002</u>	<u>3,522</u>
	<u>121,255</u>	<u>327,332</u>
51,058	66,736	231,953
	700	2,145
	45,054	109,430
	74,929	246,019
	30,717	84,712
	72,766	72,766
409,112		409,112
	<u>69,000</u>	<u>236,080</u>
<u>460,170</u>	<u>359,902</u>	<u>1,392,217</u>
<u>(460,170)</u>	<u>(238,647)</u>	<u>(1,064,885)</u>
227	7,924	9,227
	4,466	9,572
		174,986
<u>463,548</u>	<u>232,405</u>	<u>876,901</u>
<u>463,775</u>	<u>244,795</u>	<u>1,070,686</u>
3,605	6,148	5,801
	(999)	1,657
<u>13,575</u>	<u>611,421</u>	<u>2,379,346</u>
<u>\$ 17,180</u>	<u>\$ 616,570</u>	<u>\$ 2,386,804</u>

GREENVILLE HOUSING COMMISSION
COMBINING STATEMENT OF CASH FLOWS
 Year Ended June 30, 2004
 =====

	C-3011 Low Rent Program <u>14.850</u>	Capital Fund Program <u>14.872</u>
Cash flows from operating activities:		
Operating(loss)	\$(366,068)	\$
Adjustments to reconcile operating (loss) to net cash(used in) operating activities:		
Depreciation	167,080	
Adjustments	21,701	
Changes in assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable-tenants	5,944	
Accounts receivable-HUD		52,938
Due from other funds	2,607	
Prepaid expenses	2,822	
Increase (decrease) in liabilities:		
Bank overdraft	12,356	
Accounts payable-operations	(41,790)	
Accrued compensated absences	(5,001)	
Accounts payable-PILOT	(3,452)	
Tenant security deposits	3,393	
Deferred revenues	3,274	
Due to other funds	<u> </u>	<u>(52,938)</u>
Net cash (used in) operating activities	<u>(197,134)</u>	<u> </u>
Cash flows from noncapital financing activities:		
Operating transfers in (out)	63,687	(63,687)
Operating grants	117,261	63,687
Other revenue	<u>5,106</u>	<u> </u>
Net cash provided by noncapital financing activities	<u>186,054</u>	<u> </u>
Cash flows from capital and related financing activities:		
Payments on long-term debt		
Capital grants		174,986
Payments for capital acquisitions	<u> </u>	<u>(174,986)</u>
Net cash (used in) capital and related financing activities	<u> </u>	<u> </u>

Housing Choice Vouchers <u>14.871</u>	Section 8 New Construction Program <u>14.182</u>	<u>Totals</u>
\$ (460,170)	\$ (238,647)	\$ (1,064,885)
	69,000	236,080
	(999)	20,702
	3,701	9,645
		52,938
		2,607
(2,850)	2,280	2,252
		12,356
		(41,790)
		(5,001)
	(1,679)	(5,131)
	1,029	4,422
	1,235	4,509
<u>6,134</u>	<u>44,197</u>	<u>(2,607)</u>
<u>(456,886)</u>	<u>(119,883)</u>	<u>(773,903)</u>
408,812	232,405	822,165
	<u>4,466</u>	<u>9,572</u>
<u>408,812</u>	<u>236,871</u>	<u>831,737</u>
	(105,000)	(105,000)
		174,986
	<u>(165,980)</u>	<u>(340,966)</u>
	<u>(270,980)</u>	<u>(270,980)</u>

GREENVILLE HOUSING COMMISSION
COMBINING STATEMENT OF CASH FLOWS (CONTINUED)
 Year Ended June 30, 2004
 =====

	C-3011 Low Rent Program <u>14.850</u>	Capital Fund Program <u>14.872</u>
Cash flows from investing activities:		
Certificates of deposits matured	4,185	
Receipts of interest and dividends	<u>1,077</u>	
Net cash provided by investing activities	<u>5,262</u>	
Net increase(decrease) in cash	(5,818)	
Cash, beginning	<u>10,318</u>	
Cash, ending	<u><u>\$ 4,500</u></u>	<u><u>\$</u></u>

Reconciliation of cash and cash equivalents per statement of cash flows to the balance sheet:

Cash	\$ 4,500	\$
Restricted cash	<u> </u>	<u> </u>
Cash and cash equivalents per balance sheet	<u><u>\$ 4,500</u></u>	<u><u>\$</u></u>

\$ 4,208	\$ 44,330	\$ 53,038
<u> </u>	<u> </u>	<u> </u>
<u>\$ 4,208</u>	<u>\$ 44,330</u>	<u>\$ 53,038</u>

GREENVILLE HOUSING COMMISSION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND NOTES TO THE SCHEDULE OF FEDERAL AWARDS
Year Ended June 30, 2004

=====

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Fiscal Year	<u>Federal Grantor</u>	<u>CFDA No.</u>	<u>Expenditures</u>
	<u>U.S. Department of HUD</u>		
	<u>Public and Indian Housing Nonmajor - Direct Program</u>		
2004	Low Rent Public Housing	14.850	\$ 117,261
	<u>Public and Indian Housing Nonmajor - Direct Program</u>		
2004	Capital Fund Program	14.872	238,673
	<u>Low Income Public Housing Major - Direct Program</u>		
2004	Housing Choice Vouchers	14.871	463,548
	<u>Low Income Public Housing Nonmajor - Direct Program</u>		
2004	New Construction Section 8 Programs	14.182	<u>232,405</u>
	Total		<u>\$1,051,887</u>

NOTES TO THE SCHEDULE OF FEDERAL AWARDS

NOTE 1: Significant Accounting Policies

The schedule of federal awards has been prepared on the accrual basis of accounting.

CFDA = Catalog of Federal Domestic Assistance

GREENVILLE HOUSING COMMISSION

FINANCIAL DATA SCHEDULE

Year Ended June 30, 2004

=====

FDS Line Item No.		C-3011 Low Rent Program <u>14.850</u>	Capital Fund Program <u>14.872</u>
	ASSETS		
	Current Assets:		
	Cash:		
111	Cash-unrestricted	\$ 4,500	\$
100	Total cash	<u>4,500</u>	
	Receivables:		
122	A/R-HUD other projects		
126	A/R-tenants-dwelling rents	7,733	
126.1	Allowance for doubtful accounts - dwelling rents	(213)	
120	Total receivables, net of allowance for doubtful accounts	<u>7,520</u>	
	Current Investments:		
131	Investments-unrestricted	45,000	
132	Investments-restricted		
	Total current investments	<u>45,000</u>	
	Other Current Assets:		
142	Prepaid expenses and other assets	14,667	
144	Interprogram due from	<u>71,461</u>	
	Total other current assets	<u>86,128</u>	
150	Total current assets	<u>143,148</u>	
	Noncurrent Assets:		
	Fixed Assets:		
161	Land	68,012	
162	Buildings	3,023,525	
163	Furn, equip & mach-dwellings	54,671	
164	Furn, equip & mach-admin.	164,359	
165	Building improvements		243,358
166	Accumulated depreciation	<u>(1,866,650)</u>	
160	Total fixed assets, net of accumulated depreciation	<u>1,443,917</u>	<u>243,358</u>
180	Total noncurrent assets	<u>1,443,917</u>	<u>243,358</u>
190	Total Assets	<u>\$ 1,587,065</u>	<u>\$243,358</u>

Housing Choice Vouchers 14.871	Section 8 New Construction Program 14.182	Totals
\$ 4,208	\$ 44,330	\$ 53,038
<u>4,208</u>	<u>44,330</u>	<u>53,038</u>
16,256	1,692	16,256
		9,425
		(213)
<u>16,256</u>	<u>1,692</u>	<u>25,468</u>
	384,376	429,376
	<u>189,300</u>	<u>189,300</u>
	<u>573,676</u>	<u>618,676</u>
2,850	9,420	26,937
		<u>71,461</u>
<u>2,850</u>	<u>9,420</u>	<u>98,398</u>
<u>23,314</u>	<u>629,118</u>	<u>795,580</u>
	18,774	86,786
	2,425,856	5,449,381
	60,000	114,671
656	28,196	193,211
		243,358
(656)	(1,585,427)	(3,452,733)
	<u>947,399</u>	<u>2,634,674</u>
	<u>947,399</u>	<u>2,634,674</u>
<u>\$ 23,314</u>	<u>\$ 1,576,517</u>	<u>\$ 3,430,254</u>

GREENVILLE HOUSING COMMISSION
FINANCIAL DATA SCHEDULE (CONTINUED)
 Year Ended June 30, 2004
 =====

FDS Line Item No.		C-3011 Low Rent Program <u>14.850</u>	Capital Fund Program <u>14.872</u>
LIABILITIES and NET ASSETS			
	Liabilities:		
	Current Liabilities:		
311	Bank overdraft	\$ 12,356	\$
322	Accrued compensated absences	4,735	
333	Accounts payable-other government	30,226	
341	Tenant security deposits	22,207	
342	Deferred revenues	7,285	
343	Current portion of long-term debt		
346	Accrued liabilities-other	560	
347	Interprogram due to	<u> </u>	<u> </u>
310	Total current liabilities	<u>77,369</u>	<u> </u>
	Noncurrent Liabilities:		
351	Long-term debt, net of current	<u> </u>	<u> </u>
350	Total noncurrent liabilities	<u> </u>	<u> </u>
300	Total liabilities	<u>77,369</u>	<u> </u>
	Net Assets:		
508.1	Invested in capital assets	<u>1,443,917</u>	<u>243,358</u>
508	Total invested in capital assets	1,443,917	243,358
512.1	Unrestricted net assets	<u>65,779</u>	<u> </u>
513	Total Net Assets	<u>1,509,696</u>	<u>243,358</u>
600	Total Liabilities and Net Assets	<u>\$ 1,587,065</u>	<u>\$243,358</u>

Housing Choice Vouchers <u>14.871</u>	Section 8 New Construction Program <u>14.182</u>	<u>Total</u>
\$	\$	\$
		12,356
		4,735
	16,210	46,436
	11,488	33,695
	6,773	14,058
	120,000	120,000
	149	709
<u>6,134</u>	<u>65,327</u>	<u>71,461</u>
<u>6,134</u>	<u>219,947</u>	<u>303,450</u>
<u> </u>	<u>740,000</u>	<u>740,000</u>
<u> </u>	<u>740,000</u>	<u>740,000</u>
<u>6,134</u>	<u>959,947</u>	<u>1,043,450</u>
<u> </u>	<u>947,399</u>	<u>2,634,674</u>
	947,399	2,634,674
<u>17,180</u>	<u>(330,829)</u>	<u>(247,870)</u>
<u>17,180</u>	<u>616,570</u>	<u>2,386,804</u>
<u>\$ 23,314</u>	<u>\$ 1,576,517</u>	<u>\$ 3,430,254</u>

GREENVILLE HOUSING COMMISSION
FINANCIAL DATA SCHEDULE (CONTINUED)
 Year Ended June 30, 2004
 =====

FDS Line Item No.		C-3011 Low Rent Program 14.850	Capital Fund Program 14.872
	Revenue:		
703	Net tenant rental revenue	\$ 204,557	\$
704	Tenant revenue-other	1,520	
705	Total tenant revenue	206,077	
706	HUD PHA grants	117,261	63,687
706.1	Capital grants		174,986
711	Investment income-unrestricted	1,076	
715	Other revenue	5,106	
720	Investment income-restricted		
700	Total revenue	<u>329,520</u>	<u>238,673</u>
	Expenses:		
	Administrative:		
911	Administrative salaries	56,297	
912	Auditing fees	2,600	
914	Compensated absences	(5,001)	
915	Employee benefit contributions-adm.	26,357	
916	Other operating-administrative	33,906	
	Tenant Services:		
924	Tenant services-other	1,445	
	Utilities:		
931	Water	20,067	
932	Electricity	23,660	
933	Gas	20,649	
	Ordinary maintenance and operation:		
941	Ordinary maint & oper-labor	62,248	
942	Ordinary maint & oper-mat'ls & other	42,708	
943	Ordinary maint & oper-contract costs	37,757	
945	Employee benefit contributions	28,377	
	General expenses:		
961	Insurance premiums	31,535	
962	Other general expenses		
963	Payments in lieu of taxes	13,540	
964	Bad debt - tenant rents	8,920	
967	Interest expense		
969	Total operating expenses	<u>405,065</u>	
970	Excess operating revenue over operating expenses	<u>(75,545)</u>	<u>238,673</u>

Housing Choice Vouchers <u>14.871</u>	Section 8 New Construction Program <u>14.182</u>	<u>Total</u>
\$	\$ 119,253	\$ 323,810
	<u>2,002</u>	<u>3,522</u>
	121,255	327,332
463,548	232,405	876,901
		174,986
227	4,303	5,606
	4,466	9,572
	<u>3,621</u>	<u>3,621</u>
<u>463,775</u>	<u>366,050</u>	<u>1,398,018</u>
46,370	32,780	135,447
	650	3,250
		(5,001)
3,370	16,132	45,859
1,318	17,174	52,398
	700	2,145
	11,932	31,999
	19,261	42,921
	13,861	34,510
	26,615	88,863
	9,653	52,361
	25,462	63,219
	13,199	41,576
	21,053	52,588
	1,000	1,000
	7,275	20,815
	1,389	10,309
	<u>72,766</u>	<u>72,766</u>
<u>51,058</u>	<u>290,902</u>	<u>747,025</u>
<u>412,717</u>	<u>75,148</u>	<u>650,993</u>

GREENVILLE HOUSING COMMISSION
FINANCIAL DATA SCHEDULE (CONTINUED)
 Year Ended June 30, 2004
 =====

FDS Line Item No.		C-3011 Low Rent Program <u>14.850</u>	Capital Fund Program <u>14.872</u>
	Expenses continued:		
	Other expenses:		
973	Housing assistance payments		
974	Depreciation expense	<u>167,080</u>	<u> </u>
	Total other expenses	<u>167,080</u>	<u> </u>
900	Total expenses	<u>572,145</u>	<u> </u>
	Excess (deficiency) of operating revenue over(under) expenses before other financing sources (uses)	(242,625)	238,673
	Other Financing Sources(Uses):		
1001	Operating transfers in (out)	<u>63,687</u>	<u>(63,687)</u>
1000	Excess (deficiency) of operating revenue over(under) expenses	(178,938)	174,986
1103	Beginning Net Assets	1,666,933	87,417
1104	Prior period adjustments, equity transfers and correction of errors	<u>21,701</u>	<u>(19,045)</u>
	Ending Net Assets	<u>\$ 1,509,696</u>	<u>\$243,358</u>

Housing Choice Vouchers <u>14.871</u>	Section 8 New Construction Program <u>14.182</u>	<u>Totals</u>
409,112	<u>69,000</u>	409,112 <u>236,080</u>
<u>409,112</u>	<u>69,000</u>	<u>645,192</u>
<u>460,170</u>	<u>359,902</u>	<u>1,392,217</u>
3,605	6,148	5,801
3,605	6,148	5,801
13,575	611,421	2,379,346
	(999)	<u>1,657</u>
<u>\$ 17,180</u>	<u>\$ 616,570</u>	<u>\$ 2,386,804</u>

**Report on Compliance and on Internal Control Over
Financial Reporting Based on an Audit of
Financial Statements Performed in Accordance
with Government Auditing Standards**

Board of Housing Commissioners
Greenville Housing Commission
Greenville, Michigan

We have audited the financial statements of the Greenville Housing Commission, Michigan, (Housing Commission) as of and for the year ended June 30, 2004, and have issued our report thereon dated October 15, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Housing Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Housing Commission's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk

Report on Compliance and on Internal Control
In Accordance with Government Auditing Standard
Greenville Housing Commission
Page Two

Internal Control Over Financial Reporting - Continued

that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. We have noted other matters involving the internal control over financial reporting that we have reported to management of the Housing Commission in a separate letter dated October 15, 2004.

This report is intended solely for the information and use of the audit committee, Board of Housing Commissioners, management, others within the organization, the Michigan Department of Treasury, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Bary E. Tardiff, CPA, PC

October 15, 2004

**Report on Compliance with Requirements
Applicable To Each Major Program and
Internal Control over Compliance
in Accordance with OMB Circular A-133**

Board of Housing Commissioners
Greenville Housing Commission
Greenville, Michigan

Compliance

We have audited the compliance of the Greenville Housing Commission, Michigan (Housing Commission) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2004. The Housing Commission's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Housing Commission's management. Our responsibility is to express an opinion on the Housing Commission's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Housing Commission's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Housing Commission's compliance with those requirements.

Report on Compliance and Internal Control
Over Compliance in Accordance With
OMB Circular A-133
Greenville Housing Commission
Page Two

Compliance (continued)

In our opinion, Housing Commission complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2004.

Internal Control Over Compliance

The management of the Housing Commission is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Housing Commission's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses. We have noted other matters involving the internal control over financial reporting that we have reported to management of the Housing Commission in a separate letter dated October 15, 2004.

This report is intended solely for the information and use of the audit committee, Board of Housing Commissioners, management, others within the organization, the Michigan Department of Treasury, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Sandy E. Vandell, CPA, PC

October 15, 2004

GREENVILLE HOUSING COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 June 30, 2004
 =====

A. Summary of Audit Results

Financial Statements

1. Type of Auditor's Report issued: Unqualified
2. Internal control over financial reporting:
 - a. Material weakness identified No
 - b. Reportable condition identified that is not a material weakness No
3. Noncompliance material to financial statements: No

Federal Awards

1. Internal control over major programs:
 - a. Material weakness identified No
 - b. Reportable condition that is not a material weakness No
2. Type of auditor's report issued on compliance for major programs Unqualified
3. Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133 No
4. Identification of major programs:

<u>CFDA Number</u>	<u>Federal Program</u>	<u>Amount Expended</u>	<u>Major Program</u>	<u>Compliance Requirement</u>	<u>Questioned Costs</u>	<u>Audit Finding</u>
14.850	Low Rent Public Housing	\$ 117,261	No	O	N/A	N/A
14.872	Capital Fund Program	238,673	No	O	N/A	N/A
14.182	New Construction Section 8 Program	232,405	No	O	N/A	N/A
14.871	Housing Choice Vouchers	<u>463,548</u>	Yes	O	N/A	N/A
Total		<u>\$1,051,887</u>				

5. Dollar threshold used to distinguish between type A and type B programs \$300,000
6. Auditee qualified as low-risk auditee? Yes

GREENVILLE HOUSING COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
June 30, 2004
=====

B.	Financial Statement Findings	None
C.	Federal Award Findings and Questioned Costs	None

GREENVILLE HOUSING COMMISSION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
June 30, 2004

=====

NONE

GREENVILLE HOUSING COMMISSION
ADJUSTING JOURNAL ENTRIES
JUNE 30, 2004
=====

<u>Account Number</u>	<u>Account Name</u>	<u>Debit</u>	<u>Credit</u>
-----------------------	---------------------	--------------	---------------

LOW RENT PROGRAM

(1)

1111	General cash	\$4,957.57	
6000	Prior period adjustment		\$2,652.73
4420	Materials		107.64
4540	Employee benefit contrib.		1,344.75
4420	Materials		619.70
4195	Administration expenses		98.00
4150	Travel		134.75
To void checks that have not been cashed.			

HOUSING CHOICE VOUCHER PROGRAM

(1)

4715	Housing Choice Vouchers(HAP)	1,172.00	
1111	General-checking		1,172.00
To record (4) outstanding checks at 6/30/04, checks #5146, 5096, 5150, and 5162.			

NEW CONSTRUCTION SECTION 8

(1)

2342	Bonds retired	15,000.00	
8021	Interest expense		15,000.00
To adjust bonds payable to bank confirmation and loan amortization schedule.			

GREENVILLE HOUSING COMMISSION

INDEPENDENT AUDITORS' REPORTS
ON COMMUNICATIONS WITH THE
AUDIT COMMITTEE/BOARD OF COMMISSIONERS
AND
MANAGEMENT ADVISORY COMMENTS

JUNE 30, 2004

GREENVILLE HOUSING COMMISSION
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JUNE 30, 2004

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Management Advisory Comments	4-5
Adjusting Journal Entries	6

**INDEPENDENT AUDITORS' REPORT ON
COMMUNICATIONS WITH THE AUDIT COMMITTEE/
BOARD OF COMMISSIONERS**

To the Board of Commissioners
Greenville Housing Commission

We have audited the financial statements of the Greenville Housing Commission ("Housing Commission") as of and for the year ended June 30, 2004, and have issued our report, thereon, dated October 15, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we communicate certain matters to your audit committee or its equivalent. These communications are reported in the following paragraphs.

Auditors' Responsibilities Under Auditing Standards Generally Accepted in the United States of America - In planning and performing our audit of the financial statements, we considered your internal control in order to determine our auditing procedures for purposes of expressing our opinion on the financial statements and not to provide assurance on your internal control. Also, an audit conducted under auditing standards generally accepted in the United States of America is designed to obtain a reasonable, rather than absolute, assurance about the financial statements.

Significant Accounting Policies - The significant accounting policies used in the preparation of your financial statements are discussed in Note 1 to the financial statements. There were no audit adjusting journal entries and no controversial accounting issues.

Management Judgments and Accounting Estimates - Significant management judgments and accounting estimates are disclosed in the notes to the financial statements.

Other Information in Documents Containing Audited Financial Statements - All the information included in the financial statements document has been audited and our responsibilities are addressed in the Independent Auditors' Report.

**INDEPENDENT AUDITORS' REPORT ON COMMUNICATIONS WITH THE
AUDIT COMMITTEE - CONTINUED**

Audit Adjustments - For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. An audit adjustment may or may not indicate matters that could have a significant effect on the Housing Commission's financial reporting process (that is, cause future financial statements to be materially misstated). The attached audit adjustments, in our judgment, indicate matters that could have a significant effect on the Housing Commission's financial reporting process (see page 6 showing the audit adjusting journal entries).

Disagreements With Management - For purposes of this letter, professional accounting standards define disagreement with management as a matter concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the audit.

Consultations With Other Accountants - To our knowledge, management has not consulted with other accountants regarding auditing and accounting matters.

Major Issues Discussed With Management Prior to Retention - There was no discussions regarding the application of accounting principles or auditing standards with management prior to our retention as your auditor.

Difficulties Encountered in Performing the Audit - There were no difficulties encountered in performing the audit. The staff was very cooperative and helpful.

This report is intended solely for the information and use of the audit committee or its equivalent and management and is not intended to be and should not be used by anyone other than these specified parties.

We shall be pleased to discuss any of the matters referred to in this letter. Should you desire more information on the above communications, we would welcome the opportunity to discuss them with you.

Bary E. Tardiff, CPA, PC

October 15, 2004

Barry E. Gaudette, CPA, P.C.

CERTIFIED PUBLIC ACCOUNTANT

1107 East Eighth Street
Traverse City, Michigan 49686
(231) 946-8930
Fax (231) 946-1377

**INDEPENDENT AUDITORS' REPORT ON
MANAGEMENT ADVISORY COMMENTS**

To the Board of Commissioners
Greenville Housing Commission

We have audited the financial statements of the Greenville Housing Commission ("Housing Commission") as of and for the year ended June 30, 2004, and have issued our report, thereon, dated October 15, 2004. We have also issued compliance reports and reports on the internal control in accordance with *Government Auditing Standards*. These reports disclosed no material instances of noncompliance, weaknesses and reportable conditions.

Other matters involving the Housing Commission's operations and internal control, which came to our attention during the audit, are reported on the following pages as management advisory comments.

We would like to take this opportunity to acknowledge the many courtesies extended to us by the Housing Commission's personnel during the course of our work.

We shall be pleased to discuss any of the matters referred to in this letter. Should you desire assistance in implementing any of the following suggestions, we would welcome the opportunity of assisting you in these matters.

Barry E. Gaudette, CPA, P.C.

October 15, 2004

GREENVILLE HOUSING COMMISSION
MANAGEMENT ADVISORY COMMENTS

June 30, 2004

=====

Check List Provided Board of Commissioners

Management provides the Board of Commissioners a list of checks paid during the month, but voided checks are not on the list.

We recommend that the check listing provided the Board include voided checks, so that all check numbers are accounted for.

Certificate of Deposits

The Housing Commission has several Certificate of Deposits, but there is not a policy in place that requires two signatures to start or cash in a Certificate of Deposit.

We recommend that the Housing Commission adopt a resolution that would require two signatures to open up a certificate of deposit or to cash in a certificate of deposit. This policy would provide another internal control for the safe guarding of assets.

Tenant Deposits

The deposit ticket is not reviewed by someone other than the employee that makes the deposit.

We recommend that the Housing Commission have one other employee be involved in this process. The additional employee could review the deposit ticket and then after the deposit ticket receipt is brought back, this employee should review that the deposit is the correct amount and also initial the deposit ticket receipt.

Cash Collections

Tenants currently can pay their rents by cash, check or money order.

We recommend that the Housing Commission consider not allowing payments by cash. This would provide another internal control in the collection of assets.

GREENVILLE HOUSING COMMISSION
MANAGEMENT ADVISORY COMMENTS (CONTINUED)

June 30, 2004

=====

Checks

The check preparation does not include the account number on the check stub.

We recommend that the account number be included during the input of the check information. This would provide more information for the audit trail of where the disbursement is classified.

Invoices for Board Meetings

Currently at the monthly Board meetings only the check listing is provided.

We recommend that the documentation that backs up the check listing be provided for the Commission board members if they wish to review. This will provide one more internal control for the proper disbursement of Housing Commission funds.

Invoices attached to Check Copies

During our audit procedures of disbursements, we found several invoices that were not attached to the check copy. Most of these invoices were eventually located.

We recommend that all check disbursements have the original invoice attached to the check copy.

Physical Inventory

The Housing Commission has not done a physical inventory recently.

We recommend a physical inventory be performed on annual basis.

GREENVILLE HOUSING COMMISSION

ADJUSTING JOURNAL ENTRIES

June 30, 2004

=====

<u>Account #</u>	<u>Account Name</u>	<u>Debit</u>	<u>Credit</u>
LOW RENT PROGRAM			
(1)			
1111	General cash	\$ 4,957.57	
6000	Prior period adjustment		\$ 2,652.73
4420	Materials		727.34
4540	Employee benefit contrib.		1,344.75
4195	Administration expenses		98.00
4150	Travel		134.75
	To void checks that have not been cashed.		

HOUSING CHOICE VOUCHER PROGRAM

(1)

4715	Housing Choice Vouchers(HAP)	1,172.00	
1111	General - checking		1,172.00
	To record (4) outstanding checks at 6/30/04, checks #5146, 5096, 5150, and 5162.		

NEW CONSTRUCTION SECTION 8 PROGRAM

(1)

2342	Bonds retired	15,000.00	
8021	Interest expense		15,000.00
	To adjust bonds payable to bank confirmation and loan amortization schedule.		